104-05037/

Report of Management

The financial statements of NorthPoint Energy Solutions Inc. (NorthPoint) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year. The preparation of financial statements necessarily involves the use of estimates which have been made using management's best judgment. In management's opinion, the financial statements have been properly prepared within the framework of selected accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, information available up to February 6, 2004.

Management maintains appropriate systems of internal control, including policies and procedures which provide reasonable assurance that NorthPoint's assets are safeguarded and appropriately accounted for, that financial records are relevant, reliable, and accurate and that transactions are executed in accordance with management's authorization. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and to the Audit and Finance Committee of Saskatchewan Power Corporation (SaskPower).

The financial statements have been examined by Deloitte & Touche LLP, Chartered Accountants. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' Report, which follows, outlines the scope of their examination and sets forth their opinion.

The Board of Directors, through the Audit and Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit and Finance Committee consists entirely of outside directors. At regular meetings, the Committee reviews internal control and financial reporting matters with management and the external auditors to satisfy itself that each is properly discharging its responsibilities. The SaskPower Audit and Finance Committee meets periodically with the internal auditors to review NorthPoint audit matters. The financial statements and the external auditors' report have been reviewed by the Audit and Finance Committee and have been approved by the Board of Directors. The internal and external auditors have full and open access to the SaskPower and NorthPoint Audit and Finance Committees, with and without the presence of management.

On behalf of Management,

Patricia S. Youzwa
Chief Executive Officer
February 6, 2004

Patricia Hall
Chief Financial Officer

Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of financial position of NorthPoint Energy Solutions Inc. as at December 31, 2003, and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan
February 6, 2004

Statement of Income and Retained Earnings

(in thousands)

For the year ended December 31	2003	2002
Revenue		
Energy sales (Note 3)	**$21,075**	$ 9,029
SaskPower service revenue	**5,325**	3,042
Other	**444**	297
Total revenue	**26,844**	12,368
Expense		
Cost of energy	**16,526**	7,087
Administration	**3,595**	3,179
Total expense	**20,121**	10,266
Income before foreign exchange (losses)/gains	**6,723**	2,102
Foreign exchange (losses)/gains	**(387)**	175
Net income	**6,336**	2,277
Retained earnings, beginning of year	**658**	430
Dividends	**(5,702)**	(2,049)
Retained earnings, end of year	**$ 1,292**	$ 658

See accompanying notes

Statement of Financial Position
(in thousands)

As at December 31	2003	2002
Assets		
Current assets		
Cash	**$16,911**	$12,632
Accounts receivable	**9,524**	7,330
Due from SaskPower	**3,064**	4,039
Total assets	**$29,499**	$24,001
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 3,776**	$ 6,862
Due to SaskPower	**8,729**	4,432
Dividend payable to SaskPower	**5,702**	2,049
Total liabilities	**18,207**	13,343
Equity		
Share capital (Note 4)	**10,000**	10,000
Retained earnings	**1,292**	658
Total equity	**11,292**	10,658
Total liabilities and equity	**$29,499**	$24,001

Commitments (Note 8)

See accompanying notes

On behalf of the Board:

Patricia A.G. Quaroni
Acting Chair

V. Lynne Pearson
Director

Statement of Cash Flows
(in thousands)

For the year ended December 31	2003	2002
Operating activities		
Net income	**$ 6,336**	$ 2,277
Net change in non-cash working capital		
Accounts receivable	**(2,194)**	(7,330)
Due from SaskPower	**975**	7,248
Accounts payable and accrued liabilities	**(3,086)**	6,403
Due to SaskPower	**4,297**	(7,287)
	(8)	(966)
Cash provided by operating activities	**6,328**	1,311
Financing activities		
Dividends paid	**(2,049)**	–
Cash used in financing activities	**(2,049)**	–
Increase in cash	**4,279**	1,311
Cash, beginning of year	**12,632**	11,321
Cash, end of year	**$16,911**	$12,632
Supplemental information:		
Cash paid for capital tax	**$ 10**	$ 8

1. Status of NorthPoint Energy Solutions Inc.

NorthPoint Energy Solutions Inc. (NorthPoint) was incorporated pursuant to *The Business Corporations Act (Saskatchewan)* effective October 17, 2001, and began operations November 1, 2001. NorthPoint is a wholly-owned subsidiary of Saskatchewan Power Corporation ("SaskPower"). Accordingly, the financial results of NorthPoint are included in the consolidated financial statements of SaskPower.

NorthPoint has a service agreement with SaskPower authorizing NorthPoint to perform energy trading functions related to the generation assets of SaskPower and for co-ordinating utility generation output. Service revenue from SaskPower provides approximately 20% of total revenues of NorthPoint (2002 - 25%).

As a subsidiary of a provincial Crown corporation, NorthPoint is not subject to federal income tax, provincial income tax or federal large corporations tax.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The timely preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates, which may impact actual results reported in future periods.

The following accounting policies are considered significant:

(a) Foreign Currency Translation

Revenues and expenditures resulting from transactions in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate in effect on the balance sheet date. Any resulting foreign currency translation gains and losses are included in the statement of income in the current period.

(b) Revenue Recognition

NorthPoint acts as a principal in wholesale energy marketing transactions which do not relate to the generation assets of SaskPower. NorthPoint acts as a principal in these energy marketing transactions taking title to the energy purchased for resale and assuming the risks and rewards of ownership. These energy marketing revenues are recorded on a gross basis as delivered. Energy sales not billed by month-end are accrued based upon estimated energy delivered.

NorthPoint provides generation and load management services for SaskPower whereby co-ordinating the utility generation output. This revenue is recognized as it is earned and is included in SaskPower service revenue.

NorthPoint acts as an agent of SaskPower and is responsible for the performance of energy trading functions related to the generation assets of SaskPower. NorthPoint receives commissions for the performance of this service. Revenues from energy sales from SaskPower generation assets are not recorded on a gross basis, rather commission revenue is recognized as the energy trades are conducted and is included in SaskPower service revenue.

(c) Employees' Future Benefits

NorthPoint provides pension plans for all eligible employees, including a defined contribution pension plan and a defined benefit pension plan. Under the defined contribution pension plan, NorthPoint's contributions are limited to contributions made for current service. When made, these contributions are charged to income. Defined benefit pension plan benefits are provided by SaskPower to eligible employees.

NorthPoint provides defined contribution and defined benefit severance plans for substantially all employees. NorthPoint's obligations are limited to making regular contributions to SaskPower in respect of severance plan benefits.

NorthPoint provides a supplementary superannuation plan for certain management employees who elect to forego their entitlement to banked days off. NorthPoint's current period expense is limited to yearly notional contributions to the plan based upon the employee's salary and an amount allocated for interest on the employee's plan balance.

3. Energy Sales by Geographic Location (in thousands)

	2003	2002
Canada	**$19,350**	$ 8,302
United States	**1,725**	727
Energy Sales	**$21,075**	$ 9,029

Revenues are attributable to countries based on the location of counterparties.

4. Share Capital (in thousands)

	#	**2003**	#	2002
Authorized				
Unlimited Class A non-cumulative, voting common shares				
Issued				
Class A				
Issued and outstanding, beginning of year	**10,000**	**$10,000**	10,000	$10,000
Issued during the year for cash	**–**	**–**	–	–
Issued and outstanding, end of year	**10,000**	**$10,000**	10,000	$10,000

All shares are held by the parent corporation, SaskPower.

5. Employees' Future Benefits (in thousands)

NorthPoint contributed $192 (2002 – $147) to the above described plans.

6. Related Party Transactions (in thousands)

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to NorthPoint by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	2003	2002
Accounts receivable	**$ 3,064**	$ 4,039
Accounts payable and accrued liabilities	**8,729**	4,432
Dividend payable to SaskPower	**5,702**	2,049
Revenue	**5,325**	3,042
Cost of energy	**191**	94
Administration expense	**2,995**	2,759

7. Financial Risk Management

Foreign Exchange Risk

By virtue of its operations, NorthPoint is exposed to changes in the United States/Canadian dollar exchange rate. NorthPoint purchases energy from and sells energy to the United States market and must recognize translation gains and losses based on the exchange rate in effect at the transaction date. NorthPoint does not utilize financial instruments to manage its foreign exchange risk.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. For the year ended December 31, 2003, sales to two significant customers comprised 82% (2002 – two significant customers comprised 76%) of energy sales. At year-end, receivables from two customers comprised 67% (2002 – two customers comprised 72%) of total outstanding receivables. These amounts have been subsequently paid. NorthPoint maintains strict credit policies and limits in respect to counterparties.

8. Commitments (in thousands)

At year-end, NorthPoint was committed to 2004 sales of $2,268 (2003 – $1,228) and 2004 purchases of $1,209 (2003 – $1,019).

9. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.